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C O N F I D E N T I A L MANILA 005483

SIPDIS

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TAGS: [EFIN](#) [PTER](#) [RP](#)

SUBJECT: CASH COURIERS IN THE PHILIPPINES

REF: TREASURY 1346 (11/01/05)

Classified By: ECONCOUNSELOR ROBERT LUDAN. REASONS 1.4 (b) and (d)

11. (SBU) Embassy appreciates efforts to coordinate and address the issue of cash couriers as a critical element in thwarting money laundering and potential terrorist financing.

We agree with the strategic picture presented in reftel and concur that it contains the major elements of a draft strategy. While bulk cash smuggling in the Philippines is rampant, the authorities are taking steps to combat it, and actively seek USG technical assistance in human and institutional capacity-building and training to identify, investigate, and curtail abuses.

12. (U) Although there is no limit on the amount of foreign currency an individual or entity can bring into or take out of the country, any amount in excess of \$10,000 equivalent must be declared upon arrival or departure. The Philippines limits the amount of domestic currency that can be brought into or taken out of the country at 10,000 pesos (about \$200). Amounts over that need the approval of the Central Bank, which is difficult to obtain.

13. (SBU) The requirement to declare foreign currency upon arrival and departure and the restriction on bringing in or taking out pesos is well-publicized at Manila's international airport (NAIA). There are signs posted throughout the terminal reminding travelers that they must declare foreign currency above \$10,000 and cannot transport more than 10,000 pesos. The airport recently revised the immigration cards that inbound and outbound travelers must complete and sign to clarify the rules governing currency declaration. The airport has also posted large public notices on currency border controls as part of a recent government initiative in coordination with the U.S. Embassy.

14. (C) The signs at NAIA in Manila could be more prominently displayed. Other international gateways to the Philippines, including the airports in Cebu, Mindanao, and northern Luzon, do not have signs publicizing currency restrictions for arriving and departing passengers. Customs officials in these cities have not focused on the problem of cash smuggling. As a result, charter flights coming into and out of these destinations may be shielding a significant number of cash couriers.

15. (C) There is systematic abuse of the currency declaration requirements, and the volume of unreported cash coming into the Philippines is extraordinary. The total amount of funds declared by the only three foreign banks repatriating cash to their regional or home headquarters is over 100 times the value of U.S. dollars declared by incoming passengers and institutions. The Bureau of Customs (BOC) is aware that currency smuggling is a problem and is actively pursuing USG support to combat it. The BOC has a well-deserved reputation for corruption, however, and may be colluding with some of these cash smugglers. BOC officials have undergone some training already to help them learn to identify cash couriers but would appreciate additional capacity building in the areas of bulk cash identification and outbound passenger search techniques.

16. (SBU) The Anti-Money Laundering Council (AMLC), the country's financial intelligence unit with investigative and prosecutorial authority for money laundering, is well aware of FATF Special Recommendation IX. USG officials stationed in Manila and visiting the country engage AMLC on a regular basis. AMLC is actively coordinating with the Philippine National Police (PNP), the BOC, the Bureau of Immigration, the airport authorities, and other GRP agencies to share intelligence about cash smuggling. Embassy expects the signing of a draft MOU between AMLC and the BOC soon covering information exchange and operational cooperation. The USG has a number of programs of technical support and training assistance with AMLC, as well as with the aviation security unit of the PNP, the Manila International Airport Authority, and the Bureau of Customs. The GRP is looking forward to a special training program that will be conducted with the help of DHS/ICE on bulk cash smuggling early next spring.

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